



**DEPARTMENT OF VETERANS AFFAIRS**  
Regional Office  
1240 East Ninth Street  
Cleveland OH 44199

January 9, 2003

**In Reply Refer To: 325/262**  
Information Letter 26-03-03

**TO: ALL VA SALES BROKERS AND MANAGEMENT BROKERS**

**SUBJ: VENDEE LOAN FLOOD INSURANCE REQUIREMENTS**

**1. PURPOSE:** As indicated in Cleveland Information Letter 26-02-02 dated January 3, 2003, the authority of the National Flood Insurance Program (NFIP) to issue new policies expired December 31, 2002. When Congress reconvenes in January, it is expected that they will reauthorize the NFIP retroactive to January 1, 2003. However, in the interim, there will be some period during which only privately issued flood insurance policies will be available.

**2. INSTRUCTIONS FOR NEW VA VENDEE LOANS:** If a property being purchased with a vendee loan is located in a Special Flood Hazard Area, VA Property Management will continue to require flood insurance as a condition of the purchase. The sale may not proceed with vendee financing prior to the reauthorization of the NFIP, unless private flood insurance is obtained. As an alternative to private insurance, VA will agree to delay the sales closing for a reasonable time, not to exceed 30 days, in anticipation of action by Congress to reauthorize the NFIP.

**3. QUESTIONS?** The Cleveland VA Office is open weekdays from 8:00 a.m. to 4:30 p.m. Eastern time. The telephone number is 1 (800) 729-5772. Please feel free to contact Mr. Antione Waller, Valuation Officer (X3970), or Assistant Valuation Officers Mr. Joe Print (X3893) or Mr. Joe Major (X3974) with any questions or concerns you might have. Thank you for your continuing participation in our VA Loan Guaranty program.

/s/

JAMES L. BRUBAKER, JR.  
Loan Guaranty Officer